

AMENDED IN SENATE JUNE 14, 2006

AMENDED IN ASSEMBLY APRIL 6, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 2756

Introduced by Assembly Member Levine

February 24, 2006

An act to add Chapter ~~6 (commencing with Section 63090)~~ to Division 1 of Title 6.7 of the Government Code, relating to energy bonds, and making an appropriation thereof. 5.2.5 (commencing with Section 25423) to Division 15 of the Public Resources Code, relating to energy, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 2756, as amended, Levine. ~~Clean renewable energy bonds. Energy: efficiency retrofits: State Energy Conservation Assistance Account for Public Universities.~~

Existing law requires the State Energy Resources Conservation and Development Commission to administer the State Energy Conservation Assistance Account, a continuously appropriated account, in the General Fund until January 1, 2011, to provide grants and loans to local governments and public institutions, as specified, to maximize energy use savings.

This bill would establish the State Energy Conservation Assistance Account for Public Universities, a continuously appropriated account, in the General Fund, to provide grants and loans to eligible institutions, defined as a campus of the California State University or a campus of the University of California, for projects, as defined to include energy audits, energy conservation and operating procedures,

and energy conservation measures in existing buildings and facilities, energy conservation projects, and technical assistance programs. The bill would transfer \$22,000,000 from the Attorney General's Alternative Energy Retrofit Account in the Litigation Deposits Fund to the State Energy Conservation Assistance Account for Public Universities, which the bill would create, and which would be continuously appropriated to the commission for the purposes of the bill.

The bill would require the Attorney General to report to the Legislature on or before July 1, 2007, and each July 1 thereafter, on all sums collected and expended for costs associated with siting and installation of certain generating units obtained through an energy settlement agreement with The Williams Companies, Inc. and Williams Energy Marketing & Trading Company.

~~Existing state law authorizes the California Infrastructure and Economic Development Bank to issue revenue bonds, as specified. The bank implements its authority with money from a continuously appropriated fund, the California Infrastructure and Economic Development Bank Fund.~~

~~Existing federal law requires, if a taxpayer holds a clean renewable energy bond on one or more specified dates, a credit to be allowed against a specified tax for that taxable year, as specified.~~

~~This bill would require the Department of General Services and the California State University, and authorize the University of California, to identify and submit to the State Public Works Board, projects that will comply with the requirements of the federal law establishing the authorization for clean renewable energy bonds. The bill, subject to the availability of those bonds, would require the State Public Works Board to select projects to be funded by those bonds, as specified. The bill would require the board to submit those projects to the bank.~~

~~The bill would require the bank to issue clean renewable energy bonds, as specified, in accordance with the federal law authorizing those bonds, as specified, for those projects submitted by the board and authorized in writing by the Director of Finance. The bill would require the Department of Finance to notify the Chairperson of the Joint Legislative Budget Committee and the committee in each house that considers appropriations of the Director of Finance's written authorization.~~

~~The bill would require, if specified state law and the federal law that authorizes the clean renewable energy bonds conflict, the federal law to prevail.~~

~~Because the bill would authorize the expenditure of money in a continuously appropriated fund for a new purpose, the bill would make an appropriation.~~

Vote: ~~majority~~^{2/3}. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 5.2.5 (commencing with Section 25423)
2 is added to Division 15 of the Public Resources Code, to read:

3
4 CHAPTER 5.2.5. ENERGY CONSERVATION ASSISTANCE FOR
5 PUBLIC UNIVERSITIES

6
7 25423. As used in this chapter, the following terms have the
8 following meanings:

9 (a) "Allocation" means a loan of funds by the commission
10 pursuant to the procedures specified in this chapter.

11 (b) "Building" means any existing structure that includes a
12 heating or cooling system, or both, and includes classrooms,
13 laboratories, dormitories, athletic facilities, administrative
14 facilities, or related facilities on a campus of the California State
15 University or the University of California. Additions to an
16 original building shall be considered part of that building rather
17 than a separate building.

18 (c) "Eligible institution" means a campus of the California
19 State University or a campus of the University of California.

20 (d) "Energy audit" means a determination of the energy
21 consumption characteristics of a building or facility that does all
22 of the following:

23 (1) Identifies the type, size, and energy use level of the
24 building or facility and the major energy using systems of the
25 building or facility.

26 (2) Determines appropriate energy conservation maintenance
27 and operating procedures.

28 (3) Indicates the need, if any, for the acquisition and
29 installation of energy conservation measures.

1 (e) “Energy conservation maintenance and operating
2 procedure” means a modification or modifications in the
3 maintenance and operations of a building or facility, and any
4 installations therein (based on the use time schedule of the
5 building or facility), that are designed to reduce energy
6 consumption in the building or facility and that require no
7 significant expenditure of funds.

8 (f) “Energy conservation measure” means an installation or
9 modification of an installation in a building or facility that is
10 primarily intended to reduce energy consumption or allow the
11 use of a more desirable energy source.

12 (g) “Energy conservation project” means an undertaking to
13 acquire and to install one or more energy conservation measures
14 in a building or facility, and technical assistance in connection
15 with that undertaking.

16 (h) “Facility” means any major energy using system of an
17 eligible institution whether or not housed in a building.

18 (i) “Project” means a purpose for which an allocation may be
19 requested and made under this chapter. Those purposes shall
20 include energy audits, energy conservation and operating
21 procedures, and energy conservation measures in existing
22 buildings and facilities, energy conservation projects, and
23 technical assistance programs.

24 (j) “Technical assistance costs” means costs incurred for the
25 use of existing personnel or the temporary employment of other
26 qualified personnel, or both, necessary for providing technical
27 assistance.

28 (k) “Technical assistance program” includes all of the
29 following:

30 (1) Conducting specialized studies identifying and specifying
31 energy savings and related cost savings that are likely to be
32 realized as a result of modification of maintenance and operating
33 procedures in a building or facility, in addition to those
34 modifications implemented after the preliminary energy audit, or
35 acquisition and installation of one or more specified energy
36 conservation measures in the building or facility, or as a result of
37 both.

38 (2) Planning of specific remodeling, renovation, repair,
39 replacement, or insulation projects related to the installation of
40 energy conservation measures in the building or facility.

1 (3) *Developing and evaluating alternative project*
2 *implementation methods and proposals.*

3 25423.1. (a) Any eligible institution may submit an
4 application to the commission for an allocation for the purpose
5 of financing all or a portion of the costs incurred in
6 implementing a project. The application shall be in the form and
7 contain the information that the commission shall prescribe.

8 (b) An application may be for the purpose of financing the
9 eligible institution's share of costs that are to be jointly funded
10 through a state, local, public utility, or federal-local program.

11 25423.2. (a) Applications may be approved by the
12 commission only in those instances where the eligible institution
13 has furnished information satisfactory to the commission that the
14 costs of the project, plus interest on state funds loaned,
15 calculated in accordance with Section 25423.6, will be recovered
16 through savings in the cost of energy to the institution during the
17 repayment period of the allocation.

18 (b) The savings shall be calculated in a manner prescribed by
19 the commission.

20 25423.4. Annually at the conclusion of each fiscal year, but
21 not later than October 31, each eligible institution which has
22 received an allocation pursuant to the provisions of this chapter
23 shall compute the cost of the energy saved as a result of
24 implementing a project funded by the allocation. The cost shall
25 be calculated in a manner prescribed by the commission.

26 25423.6. (a) Each eligible institution to which an allocation
27 has been made under this chapter shall repay the principal
28 amount of the allocation, plus interest, in not more than 30 equal
29 semiannual payments, as determined by the commission. The first
30 semiannual payment shall be made on or before December 22 of
31 the fiscal year following the year in which the project is
32 completed. The repayment period may not exceed the life of the
33 equipment, as determined by the commission or the lease term of
34 the building in which the energy conservation measures will be
35 installed.

36 (b) Notwithstanding any other provision of law, the
37 commission shall, unless it determines that the purposes of this
38 chapter would be better served by establishing an alternative
39 interest rate schedule, periodically set interest rates on the loans

1 *based on surveys of existing financial markets and at rates not*
2 *less than 3 percent per annum.*

3 *(c) The Trustees of the California State University and the*
4 *Regents of the University of California shall annually budget an*
5 *amount at least sufficient to make the semiannual payments*
6 *required in this section. The amount shall not be raised by*
7 *additional student fees, but shall instead be obtained by savings*
8 *in energy costs or other sources.*

9 *25423.8. (a) The State Energy Conservation Assistance*
10 *Account for Public Universities is hereby created in the General*
11 *Fund. Notwithstanding Section 13340 of the Government Code,*
12 *all money in the account is continuously appropriated to the*
13 *commission without regard to fiscal year for the purposes of this*
14 *chapter.*

15 *(b) The money in the account shall consist of all money*
16 *transferred to, or authorized or required to be deposited in, the*
17 *account by the Legislature and all money received by the*
18 *commission pursuant to Section 25423.6.*

19 *(c) The money in the account shall be disbursed by the*
20 *Controller for the purposes of this chapter as authorized by the*
21 *commission.*

22 *(d) The commission may contract and provide grants for*
23 *services to be performed for eligible institutions. Services may*
24 *include, but are not limited to, feasibility analysis, project design,*
25 *field assistance, and operation and training. The amount*
26 *expended for those services may not exceed 10 percent of the*
27 *balance of the account as determined by the commission on July*
28 *1 of each year.*

29 *(e) The commission may make grants for innovative projects*
30 *and programs. The amount expended for grants may not exceed*
31 *5 percent of the annual appropriation from the account.*

32 *(f) The commission may charge a fee for the services provided*
33 *under subdivision (d).*

34 *25424. (a) An allocation made pursuant to this chapter shall*
35 *be used for the purposes specified in an approved application.*

36 *(b) The commission shall allocate funds to eligible institutions*
37 *for projects utilizing the following prioritized criteria:*

38 *(1) The degree of incorporation of energy efficiency*
39 *technology into curriculum or efficacy of the project to be*
40 *utilized as a learning tool.*

1 (2) *The number of energy efficiency projects and the*
2 *magnitude of energy efficiency benefits previously derived from*
3 *projects by the eligible institution.*

4 (3) *The degree to which the eligible institution has*
5 *incorporated energy efficiency in its long-range strategic*
6 *planning through official planning documents that memorialize a*
7 *commitment to a comprehensive energy use reduction policy and*
8 *the degree to which the policy includes energy efficiency*
9 *retrofits.*

10 (4) *Whether the eligible institution has designated staff or*
11 *faculty responsible for coordinating energy policy on campus or*
12 *in the building and the number of projects and the magnitude of*
13 *energy efficiency benefits previously derived under the*
14 *management of the person or persons designated. This criteria*
15 *shall consider whether previous projects were performed on or*
16 *ahead of schedule, whether previous projects were completed on*
17 *or below budget, and whether the benefits actually achieved met*
18 *or exceeded expectations.*

19 (5) *The degree of completion of planning phases of projects.*

20 (6) *The effectiveness of the project as a demonstration project*
21 *for other eligible institutions, including integration with existing*
22 *energy efficiency technologies, proximity to other eligible*
23 *institutions, and proximity to other educational, civic, and*
24 *governmental institutions that may undertake similar projects.*

25 (7) *The amount of energy saved in the short run and over the*
26 *life of the project.*

27 (c) *In the event that the commission determines that an*
28 *allocation has been expended for purposes other than those*
29 *specified in an approved application, it shall immediately request*
30 *the return of the full amount of the allocation. The eligible*
31 *institution shall immediately comply with that request.*

32 25424.2. (a) *In furtherance of the purposes of the*
33 *commission as set forth in this chapter, the commission may*
34 *employ financial consultants, legal advisers, accountants, and*
35 *other service providers, as may be necessary in its judgment, in*
36 *connection with activities pursuant to this chapter.*

37 (b) *Notwithstanding any other provision of law, this chapter*
38 *provides a complete, separate, additional, and alternative*
39 *method for implementing the measures authorized by this*
40 *chapter, including the authority of the eligible institutions to*

1 *borrow in the future pursuant to loans made pursuant to this*
2 *chapter, and is supplemental and additional to powers conferred*
3 *by other laws.*

4 25424.4. *The Department of Finance, at its discretion, may*
5 *audit the expenditure of any allocation made pursuant to this*
6 *chapter or the computation of any payment made pursuant to*
7 *Section 25423.6.*

8 25424.6. *In addition to the powers specifically granted to the*
9 *commission by the other provisions of this chapter, the*
10 *commission shall have the following powers:*

11 (a) *To establish qualifications and priorities, consistent with*
12 *the objectives of this chapter, for making allocations.*

13 (b) *To establish procedures and policies as may be necessary*
14 *for the administration of this chapter.*

15 25424.8. *The commission may expend from the State Energy*
16 *Conservation Assistance Account for Public Universities an*
17 *amount to pay for the actual administrative costs incurred by the*
18 *commission pursuant to this chapter. Such amount shall not*
19 *exceed 5 percent of the total appropriation, to be held in reserve*
20 *and used to defray costs incurred by the commission for*
21 *allocations made by the commission pursuant to this chapter.*

22 SEC. 2. *On or before July 1, 2007, and each July 1 thereafter,*
23 *the Attorney General shall report to the Legislature on all sums*
24 *collected and expended for costs associated with siting and*
25 *installation of the LM6000 units obtained through the settlement*
26 *with The Williams Companies, Inc. and Williams Energy*
27 *Marketing & Trading Company, made and entered into as of*
28 *November 11, 2002.*

29 SEC. 3. (a) *The sum of twenty-two million dollars*
30 *(\$22,000,000) is hereby transferred from the Attorney General's*
31 *Alternative Energy Retrofit Account in the Litigation Deposits*
32 *Fund to the State Energy Conservation Assistance Account for*
33 *Public Universities for use by the State Energy Resources*
34 *Conservation and Development Commission for the purposes of*
35 *Chapter 5.2.5 (commencing with Section 25423) of Division 15*
36 *of the Public Resources Code.*

37 (b) *The Legislature finds and declares that the moneys*
38 *referred to in subdivision (a) are proceeds from the settlement of*
39 *litigation with The Williams Companies, Inc. and Williams*
40 *Energy Marketing & Trading Company, made and entered into*

1 *as of November 11, 2002, and received for energy efficiency*
2 *retrofit of schools and public buildings.*

3 ~~SECTION 1. Chapter 6 (commencing with Section 63090) is~~
4 ~~added to Division 1 of Title 6.7 of the Government Code, to read:~~

5
6 ~~CHAPTER 6. CLEAN RENEWABLE ENERGY BONDS~~
7

8 ~~63090. It is the intent of the Legislature to benefit by federal~~
9 ~~bonding authority provided in Section 54 of Title 26 of the~~
10 ~~United States Code, relating to clean renewable energy bonds.~~

11 ~~63091. The Department of General Services and the~~
12 ~~California State University shall, and the University of California~~
13 ~~may, identify and submit to the State Public Works Board,~~
14 ~~projects that will comply with the requirements of Section 54 of~~
15 ~~Title 26 of the United States Code.~~

16 ~~63092. Subject to the availability of clean renewable energy~~
17 ~~bonds pursuant to Section 54 of Title 26 of the United States~~
18 ~~Code, the State Public Works Board shall select projects to be~~
19 ~~funded by bonds in accordance with Section 54 of Title 26 of the~~
20 ~~United States Code. The State Public Works Board shall select~~
21 ~~only projects for which the savings to the governmental entity in~~
22 ~~terms of energy costs are sufficient to pay back the bonds. The~~
23 ~~State Public Works Board shall submit those projects selected to~~
24 ~~the bank.~~

25 ~~63093. (a) (1) The bank shall issue clean renewable energy~~
26 ~~bonds in accordance with Section 54 of Title 26 of the United~~
27 ~~States Code and pursuant to this division for those projects~~
28 ~~submitted to the bank pursuant to Section 63092 and authorized~~
29 ~~in writing by the Director of Finance.~~

30 ~~(2) The bank shall only issue the bonds for a project after the~~
31 ~~governmental entity sponsoring the project enters into a contract~~
32 ~~with the bank to pay for the bonds from the energy savings that~~
33 ~~accrue to that entity from the project.~~

34 ~~(b) The Department of Finance shall notify the Chairperson of~~
35 ~~the Joint Legislative Budget Committee and the committee in~~
36 ~~each house that considers appropriations of the Director of~~
37 ~~Finance's written authorization.~~

1 63094. ~~To the extent, if any, Section 54 of Title 26 of the~~
2 ~~United States Code and this division conflict, Section 54 of Title~~
3 ~~26 of the United States Code shall prevail.~~

O